

The Foreclosure Avoidance and Affordable Housing Provisions in the Manager's Amendment to H.R. 4173

The foreclosure avoidance and affordable housing provisions in the managers amendment to H.R. 4173, the Wall Street Reform and Consumer Protection Act, direct TARP program dollars to two mortgage finance and housing programs that will help middle and lower income families and communities affected by the foreclosure crisis. Specifically, the language provides \$3 billion for emergency mortgage relief and \$1 billion for the Neighborhood Stabilization Program (NSP) for the redevelopment of foreclosed and abandoned properties as affordable housing.

Adverse economic conditions have driven large numbers of homeowners into unemployment who could avoid foreclosure with temporary financial assistance until economic conditions improve. The mortgage assistance program provides emergency loans to homeowners behind on their mortgage payments because they lost their jobs but who have a reasonable prospect that they will be able to resume full mortgage payments. The NSP program allocates funds to states and local governments to provide emergency assistance for the purchase of foreclosed homes to rent or redevelop and the creation of financing mechanisms for the purchase and redevelopment of foreclosed residential properties. As the need for affordable rental housing and to rehabilitate abandoned and foreclosed properties continues to increase during the economic and foreclosure crisis, the managers amendment proposes an additional round of funding for this critical program.